

THIRTY FIVE CENTS

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# MONTHLY REVIEW

AN INDEPENDENT SOCIALIST MAGAZINE

## YOUNG AND THE CENTRAL: WAR IN THE RULING CLASS

THE EDITORS

GUATEMALA - WASHINGTON - NEW DELHI

SCOTT NEARING

## THE DAGGETT-SWEEZY CASE

LEO HUBERMAN

VOL. 8

4

EDITORS - LEO HUBERMAN - PAUL M. SWEEZY

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## NOTES FROM THE EDITORS

The number of MR subscribers topped five thousand for the first time last month (counting news stand and bookstore sales, total circulation is over six thousand). This is most encouraging but may also be partly misleading. Many recent additions to the rolls are six-month introductory subscriptions. These short subs will begin to expire all too soon, and we do not yet know what renewal rate to expect from them. There is therefore a danger that the recent rise in the sub curve will be matched by a decline around the end of

*(continued on inside back cover)*

## THE "VICTORY" OF THE DULLES BROTHERS

The role played by Hitler and Mussolini in Spain was played again in Guatemala last month by the Dulles brothers—John Foster at the State Department and Allen at the Central Intelligence Agency. The main difference is that Hitler and Mussolini were frankly fascists who reveled in the use of force and violence, while the Dulles brothers are devout Christians who never cease to proclaim their devotion to freedom, democracy, and peace. The performance is, if anything, more immoral and degrading for being shot through with hypocrisy.

The time has not yet come to tell the whole story of the betrayal and rape of Guatemala for the greater glory of United Fruit. For the moment we confine ourselves to reproducing in translation a short item which appeared in the June 29th issue of *Le Monde*, France's nearest equivalent to the *New York Times*. It would be hard to imagine, it seems to us, a more damning comment on the great "victory" which the Dulleses have won for the "free world." The piece, evidently written in Paris by the editor, appeared on the day after President Arbenz's resignation:

The war in Guatemala appears to be approaching its end. On Sunday, President Arbenz resigned. This decision was preceded by long discussions with his army chiefs, and it was the commander-in-chief, Colonel Diaz, who took power from the hands of the man who dared to oppose the colonialist policy of the United States. All indications are that Colonel Diaz, "a military man, not a politician," will take it upon himself to treat with the leader of the insurgents, Colonel Castillo Armas, for the purpose of putting an end to the bloodshed: with President Arbenz removed from the scene, it has lost its meaning.

But it is by no means clear that the question will be settled so easily. The Guatemalans have tasted independence. Neither police brutality nor dollars are going to make them forget it. The Communist Party will have an excellent opportunity to exploit it. In all of Latin America, the enemies of the United States will now be able to point to an example. In all the world

## MONTHLY REVIEW

the cold brutality of Washington will teach the lesson that the Republicans of the United States, like the Soviets, respect no law except that which they themselves enforce.

As for the famous "security of the Western hemisphere," we fear that the Monroe Doctrine, far from having closed the door to Communism, has now opened it wide.

In our editorial last month ("The United States and Latin America") we predicted that such would be the outcome of the Dulles policy, but little did we suppose that conservative Europeans would be agreeing with us so soon. How fast and efficiently the Dulles brothers work!

## YOUNG AND THE NEW YORK CENTRAL

Robert R. Young's capture of control over the New York Central, the nation's second largest railroad, after a widely publicized proxy battle, signifies more than a mere shift in the top personnel of a big corporation. It both reflects and carries one step forward certain interesting and important changes which have been going on in American society ever since the Great Depression. But to put the event in its proper setting, we must go even farther back than that, to the formation of the Van Sweringen railroad empire after World War I and the bitter struggles for control of what is called eastern trunk line territory during the decade of the 20s.\*

We begin with a bare and brief recital of facts.

Mantis J. and Oris P. Van Sweringen started their business

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\* A personal note may not be out of order at this point, since it indicates the source of much of the factual material which follows. During the mid-30s, one of MR's editors did extensive research, partly with the help of a foundation grant, on the Van Sweringen empire and the railroad wars of the 20s, and subsequently (in 1938) served on the staff of the Securities and Exchange Commission which was assigned to work with the Temporary National Economic Committee. One of the tasks of this SEC staff was to investigate the struggle for control of the remains of the Van Sweringen empire which took place between Robert R. Young and New York bankers in the years 1936-1938, and your editor has a wistful recollection of walking into the offices of J. P. Morgan & Co. with a subpoena and being set up in a well-appointed office to study the firm's (not very revealing, as it turned out) records relating to a hotly contested proxy battle of that day. Nowadays, the subpoenas are coming in the other direction, but it is useful to remember that it wasn't always so in the past and needn't always be so in the future. There will be a lot of things to investigate when the country recovers from its present bout of reaction.

careers as Cleveland real estate operators. In the course of building up the suburban development of Shaker Heights, they found that they needed a right of way (for a rapid transit line) which belonged to the New York, Chicago & St. Louis railroad, more popularly known as the Nickel Plate. This was during World War I. The Nickel Plate then belonged to the New York Central which was completely under the domination of the Morgan interests, and as it happened the Central had recently been ordered, as the result of an anti-trust suit, to divest itself of control of the Nickel Plate. When the Vans (as they later came to be known in Wall Street) approached the Central to buy their right of way, they were offered the whole Nickel Plate—and on terms that didn't require them to put up even a nickel. This was the beginning of a beautiful relationship between the Vans and the House of Morgan: the Vans became the chosen Morgan instrument for fighting the railroad wars of the next decade, chiefly against Kuhn Loeb & Co. and the Pennsylvania. By the end of the 20s, the Vans had put together the biggest railroad empire ever, and the dream of a through transcontinental system seemed at last to be within their grasp. But they did all of this, not as independent operators but as the faithful liegemen of the financial overlords in New York.

Came the depression, and the Van Sweringen empire, like the Insull empire which in many ways it closely resembled, began to fall to pieces. But by this time the Vans were indispensable men, and in 1931 the House of Morgan arranged a famous "rescue loan" of \$40 million to keep them from going under. The collateral behind the loan was the securities which carried control over the empire. By 1935 it was apparent that the loan would never be paid, and the bankers arranged to sell the collateral at auction—but in such a way as to leave management and control completely unchanged. The Vans managed to persuade the Indiana mason jar manufacturer, George A. Ball, to put up the money to buy the collateral. Ball was interested in what seemed (and actually turned out to be) a good speculation; he never had the faintest idea of trying to run the incredibly complex affairs of the empire. That was to be left to the Vans and their New York backers, just as it had been from the outset.

The situation only changed when, in 1936, both the Van Sweringen brothers died. And at first it didn't look as though even that would change much outside the realm of personalities. Since this is where Robert R. Young makes his bow, we must pause to trace his career up to this point.

Young, a native of Texas who is now 57 years old, got his business start in the du Pont organization, first in the chemical company itself and then in General Motors. By 1929, he had worked his way up to the position of assistant treasurer of GM at a salary of \$35,000

## MONTHLY REVIEW

a year. Rumor has it that he made a big killing through selling short in the 1929 crash: in any case it was at this time that he retired from GM and set up in the investment business in Wall Street, his chief customers from the start being a group of very wealthy and very powerful GM officials, including John J. Raskob, Alfred Sloan, Donaldson Brown, and J. T. Smith. Frank Kolbe, another former GM assistant treasurer, soon joined Young in forming the firm of Young, Kolbe & Co., and for a time they had as a silent partner Allan Kirby of Wilkes Barre, Pennsylvania, heir to a Woolworth five-and-dime fortune.

Early in the 30s, Young became interested in the speculative possibilities of Allegheny Corporation, top Van Sweringen holding company, and gradually bought up substantial blocks of its securities for himself and his GM clients. He was therefore no stranger to the whole situation when the Van Sweringen brothers died in 1936.

The death of the Vans left legal control over the empire in the hands of George Ball of Muncie, Indiana (the "Middletown" of the Lynds' famous books). Ball was only too anxious to pass the responsibility along to someone else, and incidentally to realize what was already a handsome paper profit from a rise in the market price of his holdings. And the GM group under Young's guidance was equally ready to step in. As Young told Senator Wheeler's committee investigating the whole field of railroad finance, in the spring of 1937: "It was the idea of the General Motors group, Senator, that no one in the country could run these properties as well as General Motors—I mean the General Motors group. They thought that if the deal were confined to General Motors executives, Mr. Ball would be influenced to make a deal on better terms than if he were dealing with lesser people."\* Robert R. Young, thus, entered the picture not at all as a gallant Texan St. George prepared to slay the dragon of Wall Street domination, but as the agent of a group of superwealthy GM officials who were themselves closely allied to the Morgan banking interests. The crucial question, in a way, is how Young got from there to where he is today, how a mere GM vassal turned into a threat to Wall Street control over the railroads and eventually wrested the New York Central itself out of the hands of the House of Morgan.

Part of the answer, and a big part, is the New Deal which, as readers will recall, was at the peak of its strength and militancy in the years 1936-1938 when the events which we are now describing took place. In April, 1937, the deal between Ball and the GM group, represented by Young and Kolbe, was all set, ready to be signed,

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\* *Investigation of Railroads, Holding Companies and Affiliated Companies, Hearings before a Subcommittee of the Senate Committee on Interstate Commerce, Pursuant to S. Res. 71 (74th Congress), Pt. 7, p. 2365.*

sealed, and delivered. If it had gone through, it is safe to say that Young and a number of other promising GM men would have been installed in the positions previously held by the Vans, with the full approval and backing of the House of Morgan. If that had happened, it is probable that Young would never have become the famous and controversial figure that he is today. But it didn't happen.

Why?

The answer is that Donaldson Brown and J. T. Smith, the dominant figures in the GM group, decided to check with Senator Wheeler before going through with the deal. What they were told caused them to back out altogether. A month later, with Messrs. Young and Kolbe under questioning by Senator Wheeler, the following exchange occurred (*ibid*, p. 2368):

The CHAIRMAN. . . . On April 13, 1937, the General Motors group were definitely in the picture as prospective purchasers?

Mr. KOLBE. Yes.

The CHAIRMAN. On April 14, 1937, officials of General Motors and Mr. Kolbe discussed their proposed deal with me here in Washington.

Mr. KOLBE. Yes.

The CHAIRMAN. And on April 16, 1937, two days later, the General Motors group decided not to go into the deal.

Mr. YOUNG. We had more faith in you, Senator, than they did.

Mr. KOLBE. You gave me some unpleasant days, Senator.

The CHAIRMAN. In the language of the memorandum from the files of Proskauer, Rose & Paskus, dated April 16, 1937, Mr. Smith stated that as a result of the talk in Washington he believed "a full investigation would be had as to the deal and the personnel" and that he, Smith, was definitely through, and thought he would undertake to say for Mr. Brown that Mr. Brown was also through.

He further stated they "had no desire to stand the gaff of a Washington investigation."

Young now took his first (involuntary) step outside the GM orbit. He persuaded his former partner Allan Kirby, of the Woolworth millions, to put up most of the money for a Young-Kolbe-Kirby syndicate which actually consummated the deal with Ball. Having parted company, at least temporarily, with his former GM sponsors, Young was now pushed by forces outside his own control into a position of growing hostility both to the bankers and to members of the old Van Sweringen apparatus who still held strategic positions in the empire. Once again, the New Deal played an influential role.

## MONTHLY REVIEW

As soon as the sale was announced, Senator Wheeler called Young and his associates to Washington for the investigation which the GM group had been so anxious to avoid. Wheeler, a very skilled and hard-hitting investigator in those days, raked up the past sins of the Van Sweringen-Morgan regime, forcing Young to admit that all sorts of high crimes and misdemeanors had been committed and to promise that he would act more virtuously in the future. Among other things, Young publicly committed himself to the principle of competitive bidding in the issuance of new corporate securities, than which there was (and is) nothing more hateful and odious in the eyes of an investment banker of the old school. It seems likely that from this moment the House of Morgan decided that Young was untrustworthy, that he could not be counted on to fill the Vans' shoes, and that he must be effectively eliminated from the picture.

The legal and financial battles which ensued were bewilderingly complicated and tangled, and we must omit all details here. But in retrospect the main lines can be seen clearly enough. The House of Morgan had two central objectives: to eliminate Young from the holding company superstructure of the empire, and at the same time to install in the underlying railroads in place of the old Van Sweringen-oriented managements new top personnel whose direct loyalty to J. P. Morgan & Co. was unquestioned. These aims dictated the line-up of the two sides. Morgan allies were (1) most of Wall Street (Kuhn Loeb, however, for the most part stood aloof and at one stage even played the role of mediator), (2) the old associates of the Vans who feared Young's dominance, and (3) Young's own partner Kolbe who never really broke with the GM group. Young's allies were (1) Kirby and the independent wealth he represented, (2) Cleveland (Otis & Co.) and Chicago (Halsey, Stuart) investment bankers who were interested in using the competitive bidding club to break down Wall Street's monopoly of the railroad security business, (3) the existing managements of the underlying railroads (particularly the Chesapeake & Ohio which was the key road in what was left of the Vans' empire), and (4) indirectly, but no less surely, the New Deal with its violent animus against Wall Street and banker control over the key sectors of the economy (Senator Wheeler's investigation continued throughout the second half of the 30s, and it was Young himself who instigated the TNEC inquiry into the 1938 proxy fight for control of C&O).

The struggle went through several phases and on more than one occasion was interrupted by a temporary stalemate or armistice, but in the long run it ended in a clear-cut victory for Young and his allies. Young retained control of Allegheny Corporation, forced Kolbe out of the picture altogether, and firmly entrenched himself and Kirby and their Cleveland banking friends (led by Cyrus S. Eaton



of Otis & Co.) in the management of C&O.

If we can believe what Young told Senator Wheeler in 1937, his original intention in getting into the railroad field was simply to make money and not to carry on in the tradition of the Vans. "My idea," he said, "was that I would end up within a few years by owning only a small percentage of the consolidated Chesapeake & Ohio system, and I did not hope to go into my grave leaving Allegheny Corporation stock, because I did not think it would be a good investment to leave to my wife and daughter." And he continued:

I am not interested in having 42 percent of Allegheny. I would much rather have a small percentage of the consolidated Chesapeake & Ohio system. And, Senator Wheeler, I left General Motors in 1929 because I did not seek large responsibilities. When I left there I was in line for a position which led to the top of the company in the financial department, and I left because I wanted to shake responsibility rather than assume it. And here again I want to say, I am not interested in the Allegheny situation from the standpoint of power or control. I think we have made a beautiful purchase, and I think we stand to make a good investment out of it. Just as quickly as possible I wish to retire from the active field and again lead the life of a retired gentleman. (*Ibid*, p. 2345.)

To be taken with the proverbial grain of salt, no doubt, though Young may well have believed it himself. But in fighting to save his investment he acquired a large degree of power and control, and it turned out to be strong meat indeed. No sooner was Young firmly seated in the C&O saddle than he began to cast about for new worlds to conquer. And this is where New York Central enters the scene. Central and C&O had both been Morgan roads during the era of the Vans, and their merger (they are partly competitive but mostly complement each other) had been proposed on more than one occasion, only to be blocked by the Interstate Commerce Commission or Congress or both. Towards the end of World War II, Young set out to bring the two roads together again, no doubt with the ultimate aim of consecrating a happy union between them.

His first move was to have C&O acquire 800,000 shares of Central stock—about one-eighth of the total and normally enough, in the absence of other large percentage holdings, to assure strong influence if not outright control. Central seems to have accepted the situation with a good grace, inviting Young and one of his associates to join the Central board. It may even have occurred to the Morgan interests at this stage that an alliance with Young would after all be the smart course. But once again the ICC stepped in and vetoed the arrangement on the ground that it would violate the anti-trust laws: Young was forbidden to sit on the Central Board while holding his

## MONTHLY REVIEW

position with C&O, and C&O was obliged to turn its Central stock over to a trustee (Chase National Bank) to hold and vote. Nothing daunted, Young mapped another plan of campaign, the plan which has now resulted in his conquest of Central.

There are no Wheeler committees sitting these days, and the inside story of what happened is known only to the insiders. But judging from what has been published, we are probably not far off in reconstructing the story somewhat as follows.

First, Young had to make sure that C&O would remain in friendly hands after his relinquishing of control. Cyrus Eaton, the Cleveland banker-industrialist, seems to have accepted this assignment, increasing his C&O holdings to nearly 4 percent of the common (thus becoming the largest single stockholder) and agreeing to take over the chairmanship of the board of directors on Young's resignation.

Second, the 12.4 percent of Central stock held in trust by Chase had to be pried loose and mobilized on Young's side. Accomplishing this was Young's biggest coup. He did it by bringing into the picture two old Texas friends, the multimillionaire oilmen Clint Murchison and Sid Richardson, who between them bought the C&O's Central holdings for \$20 million (though by no means all of this was laid out in cash—the biggest operators almost always operate on credit). Counting his own and Kirby's personal holdings of Central and the holdings of Allegheny, Young now had on his side an ample margin for what is called "working control" under normal conditions. But he needed more support to win a proxy fight against an entrenched management.

Hence, third, a high-pressure campaign to win over unattached and usually uninterested stockholders had to be put in hand, a kind of enterprise with which Young and his associates had had much useful experience back in 1938. Not the least interesting device trotted out by Young was nomination of a woman for the Central board of directors, on the ground that railroading "needs the woman's touch." In the long run, however, the identity of the woman nominated (and subsequently elected) may well prove to be more significant than the fact of her nomination. She is Mrs. Lila Bell Acheson Wallace, co-owner and co-editor (with her husband) of that enormously profitable and equally reactionary private enterprise *The Reader's Digest*.

Young's plans worked out perfectly—so well, indeed, that he would have won even without the support of Messrs. Richardson and Murchison. But the Texas oil gentlemen are there all the same, now firmly ensconced as members of the board and likely to make their voices heard from now on. "As one Murchison 'insider' commented, 'Those two don't lay out \$20 million just to help a friend.'" (*Business Week*, March 6, 1954, p. 27.)

That's the story up to date. But it would be foolish to assume that it is the end of the story. Young and his allies, old and new (including, it is said, the Wall Street broker Pat McGinnis who won control of the New York, New Haven & Hartford in a proxy battle at about the same time that Young was winning his fight for the Central) make up a formidable aggregation of capitalists who are pretty certain to have big plans for the railroad industry—plans, moreover, which are very likely to affect a good deal more than the railroads as such.

Without getting into the realm of rumor or crystal-gazing, we may merely note that among the logical projects for Young to pursue would be (1) the oft-proposed merger of Central and C&O, which would create the largest and most powerful road in the country; (2) the extension of the combined Central-C&O, (a) north and east by taking in the New Haven (which belonged to the Pennsylvania during the 20s and now, as already noted, is in hands friendly to Young), and/or (b) south and west (*Business Week* suggests via taking in the Rock Island and the Southern Pacific) to complete what every railroad empire-builder since E. H. Harriman has dreamed of, a coast-to-coast line under unified ownership and management. But these are only the most obvious possibilities: as the decade of the 20s showed, in the field of railroad consolidation there is no end to the number of conceivable combinations and permutations.

It must be emphasized, however, that one thing is absolutely essential if any of these projects are to be put through, and that is the cooperation, or at the very least the benevolent tolerance, of the government, including the key committees of Congress and the Interstate Commerce Commission. If past experience has proved anything, this is it; and for this reason we must expect Young and his allies to get as deeply involved in politics as they are in railroads.

#### What kind of politics?

As we have seen, Young's whole career was decisively furthered by the anti-Wall Street policies of the New Deal, and this might lead one to expect that he would be a liberal, or at least would look to the Democrats rather than to the Republicans for future political favors. Nothing could be more misleading. The Roosevelt administration had no particular liking for Robert R. Young; it merely had a strong dislike for J. P. Morgan & Co. In the context of the 30s, this was a fact which played right into Young's hands, but it does not follow that a new New Deal today would help Young to extend his railroad empire. On the contrary, there is every reason to suppose that a new New Deal would put a crimp in the plans of all the economic empire builders, and in the railroad field it might well

## MONTHLY REVIEW

revive the idea, temporarily buried with the Plumb Plan of the early 20s, of government ownership. Moreover, even non- and anti-New Deal Democrats would be likely to scrutinize railroad merger proposals with a much more critical eye than the Big Business-minded Republicans.

No, Young and his friends are not likely to turn up in the Democratic camp, at least not in any near future. (What might happen in case of a basic shift in the political balance of power is another question: under such circumstances, a skillful opportunist such as Young has shown himself to be might decide to swim with the stream. But this problem does not concern us here.) For the foreseeable future, we must assume that their politics will be Republican politics.

But this raises another question. The Eisenhower administration is based squarely on the "old" aristocracy of wealth, the Rockefellers and Morgans and their lesser colleagues in the great cities of the East (and also of the Mid-west and the Pacific Coast, though to a smaller degree). These are the very people from whom Young has just wrested control of the Central and whose interests would be most injuriously affected by the success of his further plans. In this connection, we must not forget that the railroads were the nursery of Big Business in this country and as such played a crucial role in shaping the aristocracy of wealth which came into being in the last third of the 19th century and has dominated our national life ever since. This upper stratum of the ruling class and its political representatives (the Deweys, Dulleses, Eisenhowers, and so on) are hardly going to be anxious to help Young to realize his dreams. He is likely to look elsewhere.

But there is only one other place to look—to the right wing of the Republican Party, to the still amorphous movement which centers in and surrounds what nearly everyone now calls McCarthyism. And Young's choice of friends, whether or not wholly voluntary, shows clearly enough that he is already going in that direction. The mid-western capitalists with whom he has been associated since getting into the C&O management (plus many others like them, of course) were the backbone of Senator Taft's political machine as long as he lived, and many have been drifting to the Right and into the McCarthyite camp since his death.\* Texas oil is solidly behind McCarthyism, and Murchison has been an open backer of McCarthy himself (we have seen no reports of Richardson's political activities). Moreover, the *Reader's Digest* crowd was virulently McCarthyite at

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\* We do not mean to imply that this is so of Cyrus Eaton. We don't know. Eaton is a man of intellectual tastes and an old friend of John L. Lewis, two facts which are enough to stamp him as something of a maverick among American businessmen. It would be interesting to know his political reactions to the position he now finds himself in.

a time when the junior senator from Wisconsin was still toying with the idea of sailing his political ship under the flag of the New Deal.

The fact is that Young is now the center of a remarkable amalgam of right-wing aristocrats and *nouveaux riches* of just the kind that provides McCarthyism with its driving force as a political movement (see "The Roots and Prospects of McCarthyism," MR, January 1954). For quite some time now, these segments of the American capitalist class have been growing in economic and political power. The seizure of the Central marks their first successful large-scale aggression against the entrenched aristocracy—but probably not the last. If the Central, why not the Pennsy? Or the Union Pacific? Or the Atchison? Or, for that matter, any one of dozens of other billion-dollar corporate empires which Wall Street has always assumed it could safely control precisely because the stock was so widely distributed in the capitalist class as to insure an overwhelming advantage in a proxy fight to those already in control of the corporate machinery. A few Texas oilmen can buy up a potent block of stock in almost any corporation nowadays, and the high-pressure publicity methods so well known on Madison Avenue and in Pleasantville can be expected to do the rest.

Unlike many of the famous tycoons of the past, Robert R. Young is anything but a remarkable or commanding personality. He is unprepossessing to look at and unimpressive to listen to. There is no evidence that he has either great ideas or superior ability: the postwar record of C&O under his control has been far from brilliant ("rightly or wrongly," commented *Business Week* in its issue of January 30th, "Chessie common has lost much of its blue-chip shine since the war"). And yet, paradoxical as it may sound, it is precisely for these reasons that Young's career is interesting and significant. Lacking all the characteristics that go to make up a "great man," his one outstanding quality has been an ability to capitalize upon forces at work in society over which he has no control whatever and which he almost certainly does not understand.

Just as radioactive isotopes can be used to illuminate the metabolic processes of the body, so the activities of a man like Young can be used to illuminate the metabolism of the American ruling class. After working his way up to an important position in the country's greatest profit-making corporation, Young moved on to Wall Street at a time when Wall Street's domination over the American economy was unchallenged. Finding himself in sudden and unexpected opposition to the will of the financial overlords, he assumed the guise of an anti-Wall Street crusader and, with the all-important assistance of the New Deal, rode on to greater fame and fortune. With the demise of the New Deal and the return to power of his Wall Street enemies,

## MONTHLY REVIEW

Young joined forces with the disgruntled wealth of the East and Mid-west and the new wealth of the South to continue his onward and upward march.

Where will it all end? No one can say, of course, with regard to Robert Young, the man. He may fall by the wayside for any one of a thousand possible reasons. But the forces and conflicts which he has come to symbolize are likely to be in the forefront of American history for a long time to come. The split in the ruling class is a very real one, and the struggle between the two camps is not likely to die down in the near future—though ultimately a “peace with honor” (at the expense of the American people at large, of course) is not only possible but highly probable. That is to say, it is highly probable unless in the meantime the American people wake up and begin to take an interest in running the economy themselves and for their own benefit. If and when that happens, all the conditions of the problem will be changed. But until it does, much of the stuff of American history will be reflected in the comings and goings, the triumphs and defeats of such as Robert R. Young.

(July 9, 1954)

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*Mere financial dishonesty is of very little importance in the history of civilization. Who cares whether Caesar stole or Caesar Borgia cheated? Their intellects stayed clear. The real evil that follows in the wake of a commercial dishonesty so general as ours is the intellectual dishonesty it generates. One need not mind stealing, but one must cry out at people whose minds are so befuddled that they do not know theft when they see it.*

—John Jay Chapman, *Causes and Consequences*

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*Only the painful unwinding of that intellectual knot into which our minds are tied,—that state of intense selfishness during which we see business advancement as our first duty, taught us at the cradle, enforced by example, inculcated like a religion—can make us begin to operate our institutions upon the lines on which they alone can run freely, and we ourselves develop normally.*

—John Jay Chapman, *Causes and Consequences*

*I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. As a result of the war, corporations have been enthroned and an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all the wealth is aggregated in a few hands and the Republic is destroyed. I feel at this moment more anxiety for the safety of my country than ever before, even in the midst of war. God grant that my suspicions may prove groundless.*

—Abraham Lincoln, letter to William P. Elkin, 1864



LIE DOWN AND RELAX, MR. WHIMPLE... WE'D LIKE YOU TO  
ANSWER A FEW QUESTIONS...

## THE DAGGETT-SWEEZY CASE

BY LEO HUBERMAN

What follows is intended as a recital of facts and nothing more. We are advised by counsel that we should refrain at this time from expressing any opinion on the issues raised, the reason being that in form the case is one of contempt of court and involves one of us as a principal.

We regret, of course, our inability to comment freely on the case, but we are confident that MR readers, given the facts, will have no difficulty in comprehending the issues. For this reason we have no hesitation in asking your support, both moral and financial, for what may turn out to be a protracted legal contest. We need hardly remind you that, in addition to legal fees, there are many other expenses involved in a case of this kind—costs of printing the various court records, research, travel, telephone, and so on.

Just a year ago, Leo Huberman was called before the McCarthy Committee in connection with its investigation of the government's overseas libraries. We elected to fight the Committee then and opened what we called an "Anti-inquisition Fund" to help defray the legal and other costs. Your response was excellent. We are now reopening the fund and ask that you contribute to the limit of your ability. We pledge that the money will be well spent. —THE EDITORS

On June 30, 1954, in the Merrimack County Superior Court of New Hampshire, Paul M. Sweezy was found in contempt of court and sentenced to jail by Justice Robert F. Griffith. Over the objections of State Attorney General Louis C. Wyman, the judge admitted Sweezy to \$1,000 bail, pending an appeal to the Supreme Court of New Hampshire.

The case against Paul Sweezy, an economist of international repute, currently co-editor of *Monthly Review*, and formerly on the faculty of Harvard University, began on October 6, 1953. On that day he was served with a subpoena to appear before the Attorney General for questioning in connection with an investigation of "subversive activities" and "subversive persons" within the state of New Hampshire. The investigation was undertaken pursuant to a resolution of the New Hampshire legislature passed at its 1953 session, directing the Attorney General to inquire into violations of a state law known as the Subversive Activities Act of 1951. The preamble to the law states as a legislative finding that the Communist Party is a foreign-controlled conspiracy aimed at violent overthrow of the United States government, while the law itself defines a subversive person as one who teaches, advocates, or otherwise promotes the over-



throw of constitutional government by force and violence. Heavy penalties are provided for anyone who is a subversive person or belongs to a subversive organization knowing its purposes.

Sweezy appeared, as directed, at the State House in Concord, New Hampshire, on January 8, 1954. At this hearing, a closed session, Sweezy read into the record a statement giving his views concerning the New Hampshire "little Smith Act." The full text of that statement follows:

Those called to testify before this and other similar investigations can be classified in three categories.

First, there are Communists and those who have reason to believe that even if they are not Communists they have been accused of being and are in danger of harassment and prosecution.

Second, there are those who approve of the purposes and methods of these investigations.

Third, there are those who are not Communists and do not believe they are in danger of being prosecuted, but who yet deeply disapprove of the purposes and methods of these investigations.

The first group will naturally, and I think wholly justifiably, plead the constitutional privilege of not being witnesses against themselves.

The second group will equally naturally be cooperative witnesses.

The third group is faced with an extremely difficult dilemma. I know because I belong to this third group and I have been struggling with its problems for many weeks now. I would like to explain what the nature of that dilemma is. I think it is important that both those conducting these inquiries and the public should understand.

It is often said: if a person is not a Communist and has nothing to fear, why should he not answer whatever questions are put to him and be done with it? The answer, of course, is that some of us believe these investigations are evil and dangerous, and we do not want to give our approval to them, either tacitly or otherwise. On the contrary, we want to oppose them to the best of our ability and persuade others to do likewise, with the hope of eventually abolishing them altogether.

Our reasons for opposing these investigations are not capricious or trivial. They have deep roots in principle and conscience. Let me explain with reference to the present New Hampshire investigation. The official purpose of the inquiry is to uncover and lay the basis for the prosecution of persons who in one way or another promote the forcible overthrow of constitutional forms of government. Leaving aside the question of the constitu-

## MONTHLY REVIEW

tionality of the investigation, which is now before the courts,\* I think it must be plain to any reasonable person who is at all well informed about conditions in New Hampshire today that strict adherence to this purpose would leave little room for investigation. It is obvious enough that there are few radicals or dissenters of any kind in New Hampshire; and if there are any who advocate use of force and violence, they must be isolated crackpots who are no danger to anyone, least of all to the constitutional form of government of state and nation. The Attorney General should be able to check these facts quickly and issue a report satisfying the mandate laid upon him by the legislature.

But this is not what he has done. We do not know the whole story, but enough has come out to show that the Attorney General has issued a considerable number of subpoenas and has held hearings in various parts of the state. And so far as the available information allows us to judge, most of those subpoenaed have fallen into one or both of two groups: first, professors at Dartmouth and the University of New Hampshire who have gained a reputation for liberal or otherwise unorthodox views; and, second, people who have been active in the Progressive Party. It should be specially noted that whatever may be thought of the Progressive Party in any other respect, it was certainly not devoted to violent overthrow of constitutional forms of government but on the contrary to effecting reforms through the very democratic procedures which are the essence of constitutional forms of government.

The pattern I have described is no accident. Whatever their official purpose, these investigations always end up by inquiring into the politics, ideas, and beliefs of people who hold what are, for the time being, unpopular views. The federal House Committee on Un-American Activities, for example, is supposed to investigate various kinds of propaganda and has no other mandate whatever. Over the years, however, it has spent almost no time investigating propaganda and has devoted almost all of its energies to "exposing" people and their ideas, their affiliations, their associations. Similarly, this New Hampshire investigation is supposed to be concerned with violent overthrow of government, but it is actually turning out to be concerned with what few manifestations of political dissent have made themselves felt in the state in recent years.

If all this is so, and if the very first principle of the American constitutional form of government is political freedom—

\* On April 30th the New Hampshire Supreme Court—in the case of *Elba Chase Nelson v. Louis C. Wyman, Attorney General*—decided that both the Act of 1951 and the Resolution of 1953 are constitutional. In its decision, the New Hampshire court took direct issue with the decision of the Pennsylvania Supreme Court in the Steve Nelson case to the effect that by passing the Smith Act the federal government had effectively pre-empted the field of protecting federal and state governments from violent overthrow.

which I take to include freedoms of speech, press, assembly, and association—then I do not see how it can be denied that these investigations are a grave danger to all that Americans have always claimed to cherish. No rights are genuine if a person, for exercising them, can be hauled up before some tribunal and forced under penalties of perjury and contempt to account for his ideas and conduct.

Let us now return to the problem of the witness who would have nothing to fear from being what is nowadays styled a "friendly" witness, but who feels deeply that to follow such a course, would be a betrayal of his principles and repugnant to his conscience. What other courses are open to him?

He can claim the privilege not to be a witness against himself and thus avoid a hateful inquisition. I respect the decision of those who elect to take this course. My own reason for rejecting it is that, with public opinion in its present state, the exercise of the privilege is almost certain to be widely misinterpreted. One of the noblest and most precious guarantees of freedom, won in the course of bitter struggles and terrible suffering, has been distorted in our own day to mean a confession of guilt, the more sinister because undefined and indeed undefinable. It is unfortunate, but true, that the public at large has accepted this distortion and will scarcely listen to those who have invoked the privilege.

Alternatively, the witness can seek to uphold his principles and maintain his integrity, not by claiming the protection of the Fifth Amendment (or the Fifteenth Article of the New Hampshire Bill of Rights), but by contesting the legitimacy of offensive questions on other constitutional and legal grounds.

Just how far the First Amendment limits the right of legislative inquiry has not been settled. The Supreme Court of the United States is at this very moment considering a case (the *Emspak* case) which may do much to settle the question. But even before the Court has handed down its decision in the *Emspak* case, it is quite certain that the First Amendment does place *some* limitations on the power of investigation, and it is always open to a witness to challenge a question on the ground that it transgresses these limitations and, if necessary, to take the issue to the courts for decision.

Moreover, a witness may not be required to answer questions unless they are "pertinent to the matter under inquiry" (the words are those of the United States Supreme Court).

What is the "matter under inquiry" in the present investigation? According to the Act of the New Hampshire legislature directing the investigation, its purpose is twofold: (1) "to make full and complete investigation with respect to violations of the subversive activities act of 1951," and (2) "to determine whether subversive persons as defined in said act are presently located within this state."

## MONTHLY REVIEW

I have studied the subversive activities act of 1951 with care, and I am glad to volunteer the information that I have absolutely no knowledge of any violations of any of its provisions; further, that I have no knowledge of subversive persons presently located within the state.

That these statements may carry full conviction, I am prepared to answer certain questions about myself, though in doing so I do not mean to concede the right to ask them. I am also prepared to discuss my views relating to the use of force and violence to overthrow constitutional forms of government.

But I shall respectfully decline to answer questions concerning ideas, beliefs, and associations which could not possibly be pertinent to the matter here under inquiry and/or which seem to me to invade the freedoms guaranteed by the First Amendment to the United States Constitution (which of course applies equally to the several states).

Pursuant to the policy expressed in this statement, Sweezy answered questions to the effect that:

- (1) He was a Marxist and a socialist.
- (2) He had never been a member of the Communist Party.
- (3) He had never attended any meetings of the Communist Party anywhere.
- (4) He did not, of his own personal knowledge, know any members of the Communist Party in the state of New Hampshire.
- (5) He did not now advocate, nor had he ever advocated, the overthrow of constitutional government by force or violence.

Also in line with the policy expressed in his statement that "I shall respectfully decline to answer questions concerning ideas, beliefs, and associations which could not possibly be pertinent to the matter here under inquiry and/or which seem to me to invade the freedoms guaranteed by the First Amendment to the United States Constitution," Sweezy refused to answer questions concerning the Progressive Party or people alleged to be connected with it.

There the matter rested until June 3, 1954, when Sweezy was questioned a second time by Attorney General Wyman. In this hearing, which was also closed and lasted over three hours, Sweezy again refused to answer questions concerning the Progressive Party and alleged members thereof.

He refused, further, to answer questions concerning a lecture on the subject of "Socialism" which he had given at the University of New Hampshire on March 22, 1954. He stated flatly that he did not in that lecture, nor in any other lecture anywhere, advocate the overthrow of constitutional government by force and violence. Beyond that, he would not answer any questions relating to the lecture "on

## THE DAGGETT-SWEEZY CASE

the grounds that it is totally outside the scope of your inquiry, and that it is an invasion of constitutional rights of free speech guaranteed under the First Amendment."

This was the third year in which Sweezy had given the lecture on socialism. The invitation each time had come from the staff of the Humanities Course at the university through Dr. Gwynne Harris Daggett, Associate Professor of English and a member of the staff of the course.

Professor Daggett had also been called twice, for questioning in private hearings, by the Attorney General. He took a position very similar to that of Sweezy. He, too, refused to answer questions concerning the Progressive Party or the lecture of March 22nd.

On June 28, 1954, on a petition by the Attorney General, a hearing was begun before Justice Robert F. Griffith in Merrimack County Superior Court to force Daggett to answer the questions or be cited by the judge for contempt of court. A petition was also filed in respect to Sweezy, and since the charges against both men were similar, it was agreed by all parties concerned that counsel for Sweezy should join with counsel for Daggett in the argument in court.

In the course of his argument, Joseph A. Millimet, attorney for Daggett, put into the record an excerpt from an article which appeared in the *New York Times* of June 28, the date the hearing began. "The teachers of America are afraid to discuss controversial issues in the classroom," the article, by Benjamin Fine, began, quoting Dr. Martin Essex, chairman of the Committee on Tenure and Academic Freedom of the National Education Association. "Few teachers can view current events without some sense of insecurity," the committee reported. "Virulent attacks upon teachers and their loyalty—from press, pulpit and platform—have caused many teachers to wonder just whose brand of indoctrination is acceptable. . . . The average teacher does not want to become a martyr. As a result, our education is in danger of becoming fossilized, a dry mass of facts, lacking vitality or meaning. . . . We are moving dangerously toward a sterile education."

Former New Hampshire Attorney General William L. Phinney, counsel for Sweezy, argued that Attorney General Wyman had no right to delve into questions concerning the Progressive Party because that party was "perfectly legal." He said, concerning the lecture at the university, that "the Attorney General is either unwilling or unable to distinguish between dissent and subversion. . . . The point is, there is no constitutional right for the Attorney General to compel the production of that lecture or its contents. There is nothing in it that advocates the overthrow by force or violence of our constitutional government."

## MONTHLY REVIEW

The decision by the court upheld the Attorney General in the major points at issue—questions concerning the lecture and the Progressive Party. The relevant portions of the judge's opinion follow:

(1) I rule, as a matter of law, that on the basis of that [the New Hampshire statute] the attorney general is entitled to inquire into the actual content of any lecture given at any school.

(2) . . . under the statute the attorney general is directed to inquire, as I conceive it, into any Communist infiltration into any political party or organization.

(3) . . . inquiries which relate to opinion and beliefs and answers to hypothetical questions, I rule are not relevant to this case.

These rulings by the judge meant that Daggett and Sweezy were now directed to answer the questions—or be held in contempt of court, an offense for which the penalty in New Hampshire is normally jail until such time as the defendant chooses to purge himself of contempt, which in this case would mean answering the questions.

Though both men were unwilling to yield, the issues in the two cases were identical, and there was nothing to be gained by both paying the penalties for continued refusal to answer the questions. In Daggett's case, the probable jail sentence was only one of the possible penalties—there was also the almost certain loss of his teaching position at the university. Governor Hugh Gregg had stated publicly that if Daggett persisted in his refusal in the face of a court order, "I will ask for his resignation." It was this, among other pressures, which Daggett's lawyer had in mind when he advised his client publicly to take the stand and answer the disputed questions, or else "pressures would be brought to bear on the trustees of the University of New Hampshire to fire him."

Given Sweezy's assurance that the fight would be continued, that the case would be carried to the highest courts so that the important constitutional questions involved could be decided, Daggett heeded the pleas of his many friends and answered the questions. In a statement to the press following the dismissal of the case against him, Daggett said, in part:

It should be clear to anyone who looks beyond the headlines that I have not refused to answer certain of the Attorney General's questions in order to "hide" something. I have nothing to hide, and have always believed that in a democracy political beliefs and activities should be openly expressed and understood. But this is quite a different matter from *forcing* answers from a citizen regarding his opinions, his political life, and his professional activities. I have refrained from answering those questions which I consider, on advice of my attorney, to go beyond

## THE DAGGETT-SWEEZY CASE

the scope of the investigation as authorized by the Legislature. In doing so I am supporting the basic principle that an investigation into *subversive* activities has no business questioning a law-abiding citizen about his lawful political activities, his open professional life, and his everyday opinions and beliefs. To do so is to violate his civil and individual rights which are sacred in a democracy.

At the close of the hearing in the Sweezy case, the following interchange took place between Mr. Phinney, Attorney General Wyman, and Judge Griffith:

MR. PHINNEY: Now, there is one further thing, your Honor, which I think the record of this case should contain, something that I haven't mentioned heretofore but something which I feel it is important to place in this record for whatever construction is to be placed upon it. I want this Court to know, and I say this as an officer of the court, as a fact personally known to me, that Stuart Conner, the special assistant to the Attorney General in this investigation, was busily engaged in taking license plate numbers of people attending this hearing.

MR. WYMAN: Your Honor, is my brother testifying?

MR. PHINNEY: I will be glad to in that respect, if there is any need to.

MR. WYMAN: I believe we have a rule.

MR. PHINNEY: I don't think Mr. Conner will deny that.

MR. WYMAN: I would be delighted to apprise the Court of the character of some of the individuals involved if it's desired. I'd be glad to tell the Court at least of one or more of the individuals involved and show him their transcripts in this particular investigation if his Honor would like.

MR. PHINNEY: I simply want the record to show.

THE COURT: Very well, the record shows. I take it you do not desire to deny that your associate counsel has been doing that.

MR. WYMAN: Your Honor, I believe if Mr. Phinney wishes to put anyone on the witness stand in this proceeding, he is entitled to do so. I do not conceive it to be proper practice for an attorney to testify as to matters of fact as a witness. I think we have a rule against it in our rules of court. If Mr. Phinney, as a part of the defense of Mr. Sweezy, wishes to put Mr. Conner on the witness stand, he is entitled to do so. Mr. Conner is present, and I would be delighted to have him do so, but the point is here I consider it to be wholly irrelevant, highly prejudicial, and an effort to show that through the most indirect and yet vicious manner that there is what my brother would like to indicate a Gestapo in operation, and I therefore move that his remarks to that extent be stricken completely from the record

## MONTHLY REVIEW

unless he wishes to introduce them in the proper form.

MR. PHINNEY: If they are denied I will be glad to call Mr. Conner and put him on the stand.

THE COURT: Well, the entire matter is completely immaterial to the particular issue at hand. You have made your record. The record may stand.

MR. PHINNEY: All right, your Honor.

THE COURT: Let's continue with the hearing.

MR. PHINNEY: Thank you, your Honor.

Sweezy, on the stand, was again asked the disputed questions by the Attorney General. He refused to answer. The court then directed him to answer. Again he refused. The judge then pronounced sentence: imprisonment, until he should purge himself of contempt.

The first round in this test case was over. The case next goes, on appeal, to the Supreme Court of New Hampshire.

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## THE RIGHT OF REVOLUTION

*Government being instituted for the common benefit, protection, and security, of the whole community, and not for the private interest or emolument of any one man, family, or class of men; therefore, whenever the ends of government are perverted, and public liberty manifestly endangered, and all other means of redress are ineffectual, the people may, and of right ought to reform the old, or establish a new government. The doctrine of nonresistance against arbitrary power, and oppression, is absurd, slavish, and destructive of the good and happiness of mankind.*

—Article X of the Constitution of the State of New Hampshire

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*If there is any fixed star in our constitutional constellation, it is that no official, high or petty, can prescribe what shall be orthodox in politics, nationalism, religion, or other matters of opinion, or force citizens to confess by word or act their faith therein.*

—Justice Robert H. Jackson, for the Supreme Court, in *West Virginia State Board of Education v. Barnette*, 319 U.S. 624.



## AMERICAN SOCIALISM: REMINISCENCES OF A VETERAN

BY B. L. COLEMAN

My interest in socialism extends back just about a half century and strangely enough it seems to have been a case of self-inoculation. It started when I was a boy about 15 years old. Living on a farm, far from a city and not even close to a village, without playmates and without benefit of television, radio, or movies, a boy had to do something to keep his mind occupied. Reading was the only avenue of escape. Outside of a weekly newspaper and a monthly farm paper the only periodical that came into our home was William Jennings Bryan's *Commoner*. My Father was a Democrat.

Old William Jennings possessed, after a fashion, a sense of social justice. But both his diagnosis and proposed remedies seemed weak and lame. A man by the name of Gaylord Wilshire, from somewhere out in California, ran a very small ad in the *Commoner* suggesting that the reader send a dime for a sample copy of *Wilshire's Magazine* and learn about socialism. I sent the dime. I read the sample copy and forthwith subtracted from my limited spending money an amount sufficient to cover a year's subscription. Through *Wilshire's* I was to learn of the *Appeal to Reason* and through them of the Kerr Publishing House in Chicago from whom I purchased many books ranging from Lewis Morgan's *Ancient Society* to Marx's *Capital*.

At the age of 17 I felt the call of adventure and left home to journey to the Powder River Country of southeastern Montana. After working a year or so on the cattle and sheep ranches, I drifted into the Black Hills and worked in the Homestake Gold Mine in Lead, South Dakota, as a "Mucker." Here I was to meet up with some of the clearest-visioned and most intelligent workingmen it has ever been my privilege to meet.

It was back in the days of the Western Federation of Miners. Just a year or two previously, the old *Appeal to Reason* had launched its great drive to obtain acquittal for Moyer, Haywood, and Pettibone. A huge special edition that ran well over two million carried on its masthead the slogan:

"If Moyer-Haywood Die, If Moyer-Haywood Die,  
Then Twenty Million Working Men  
Will Know the Reason Why.

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*This excerpt from a letter to the editors of MR is published with Mr. Coleman's permission.*

## MONTHLY REVIEW

Even before going West I had located a little group of socialists in Jamestown, New York, some nine miles from my home, and had joined the Jamestown local. While meandering through the West I remained a card-carrying member. In the mining community of Lead, I of course found plenty of socialists and left-wingers.

Reminiscing with Fred Blossom last winter, I recalled an incident that after nearly 50 years stands out vividly in my memory. I had made the acquaintance of a big, burly Dane by the name of Chris Christensen. Chris was a Marxist. He possessed a keen mind and also qualities of genuine leadership. When he addressed an audience of workingmen, they listened, they found themselves moved by his logic and earnestness, and they took action. He had absolutely no personal axe to grind and no craving for personal power. He was a thinker.

I recall particularly one evening when we were sitting on the veranda of his little cottage perched on the steep side of a hill that towered high above one of the world's greatest deposits of precious metal. Chris puffed his pipe in silence for several minutes before speaking. At last he laid the pipe on the veranda rail, looked at me very earnestly and said (I reproduce his accent as nearly as I can remember it):

Young man, I know you are a socialist. I know you have great hopes to make de vurld a better place to live in by educating vurking men to use de ballot. I don't vant to discourage you, but I vant you to t'ink dis ting tru. Led us do a liddle subboosing.

Subbose you start oudt by electing a few aldermen. Pye and pye you elect a mayor and you get a majority of de council. You can't do much because you are limited py state laws and de state constitution. So you stard oudt to elect members to de legislature. Finally, you get a lot of socialist legislators. But you haven't got de governor, and you can't do much. Finally, you elect de governor. Still you can't do much. De power of de states is limited by de government of de United States. So you stard oudt to elect members to Congress. Finally you gedt a majority. But de President uses his veto, and you still can't do much. At last you elect de President of de United States, but you still have to wait until four or five Supreme Court justices die off so your President can appoint socialist judges to de Supreme Court. Den, finally, comes der day ven you haf a majority of de state legislature and de governor; a majority of Congress and de President of de United States and a majority of de Supreme Court. You are all set and ready to go. But wait a minnit!

Can you imagine de millionaire owners of American industry sitting in deir club rooms ven de news of your victory reaches

## AMERICAN SOCIALISM: REMINISCENCES OF A VETERAN

dem? Can you imagine deir saying to each other, "Aind't it too bad! Aind't it chust too bad der vay ve are being legislated oud't of existence!"

He leaned forward in his chair and looked me squarely in the eye as he concluded with his final question: "Do you tink dat is vot dey are going to do? Do you?"

In Italy, Germany, Spain, and elsewhere we learned the answer to the question that old Chris posed to me nearly 50 years ago. As for America, it isn't even necessary to roll up an impressive radical vote to throw our ruling class into a state of panic and make them decide that it is time to toss the Bill of Rights into the ash can.

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*The palliative measures suggested by most of our political quacks are like aspirin tablets given for a syphilitic headache. They may relieve; they will never cure.*

—Dr. Norman Bethune

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*The rule which I here enact and declare  
Is that all should be equal and equally share  
All wealth and enjoyment; nor longer endure  
That one should be rich and another be poor.*

—Aristophanes, *Women in Politics*

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*The miseries of us poor earth-dwellers gain no alleviation from the sympathy of those who merely hunt them out to be pathetic over them. The weeping philosopher too often impairs his eyesight by his woe, and becomes unable from his tears to see the remedies for the evils which he deplures. Thus it will often be found that the man of no tears is the truest philanthropist, as he is the best physician who wears a cheerful face, even in the worst of cases.*

—Charles Mackay, *Extraordinary Popular Delusions and the Madness of Crowds*, London, 1841; republished by L. C. Page & Co., Boston, 1932

## WORLD EVENTS

By Scott Nearing

### Shooting War in Guatemala

Secretary Dulles declared war on Guatemala during the Caracas meeting of American States in March, 1954. In April and May, the war passed through its cold phases. The Guatemalan Government, reporting political exiles stirring trouble in Honduras and Nicaragua, proposed to buy arms in the United States. Washington refused permission. Guatemala then purchased the desired equipment in Europe—some from Eastern Europe and some from Switzerland. An arms shipment from Poland was protested by the State Department and denounced by the United States press, which proclaimed the establishment of a "Communist bridgehead" in the Americas, separated by only a few miles from the Panama Canal. Tension mounted until June 18th, when armed forces, led by Guatemalan exiles, attacked by land from Honduras, by sea, and from the air.

State Department spokesmen insisted on June 19th that there was a revolt in Guatemala, but no evidence of invasion. The *New York Times* held otherwise. An editorial on June 20, headed "Revolt in Guatemala," began: "The expected has happened in Guatemala. Elements opposed to the slow communist infiltration of the Government have taken up arms to end it." The revolt, the *Times* went on, consisted of "well planned movements from Honduras and from Mexico and from the sea into Puerto Barrios on the Atlantic side and San José on the Pacific side." The editorial concluded: "It would be dangerously inconsistent for our Government to welcome any revolution in Latin America achieved principally by troops moving in from neighboring States. . . . We need not, however, conceal our satisfaction if what is happening now in Guatemala were to result in a new trend toward democracy and toward friendlier relations with other democratic countries."

Guatemalans have had considerable experience with "democracy." The *Manchester Guardian Weekly* (June 24, 1954), in an article on "Guatemala's Plan for 'National Liberation,'" noted that when the Arbenz Government won the election of 1950, "a group of powerful landowners numbering less than 2 percent of the population held outright ownership of 78 percent of the land of Guatemala. The largest single landowner was, and still is, the United Fruit Company of Boston."

This aspect of the Guatemalan situation is described with admirable precision by I. F. Stone in his weekly news letter for June 21, 1954. The entire issue is devoted to "The Return to Dollar Diplomacy." It is a "must" for anyone who pretends to keep abreast of the rapidly changing Central American scene. (*I. F. Stone's Weekly*, 301 E. Capitol St., Washington 3, D. C. Single issue, 15 cents. One year, \$5.)

Social unrest, stirred by the poverty and exploitation which Stone so graphically describes, led to a political overturn which eventually brought the Arbenz government to power in 1950, opened the way for a mild version of the Roosevelt New Deal, and disturbed the vested interests of International Railways, United Fruit, and other United States business concerns.

The shooting war in Guatemala was discussed by the United Nations Security Council at a special meeting on Sunday, June 20. The Council issued a cease-fire order and directed all member nations to refrain from giving aid that would prolong the conflict.

Guatemala's shooting war led to demonstrations throughout Latin America, with students playing a prominent role. Almost without exception, the demonstrations were anti-United States. Milton Bracken, writing from Tegucigalpa, Honduras, in the *New York Times* (June 21, 1954) commented ruefully: "Whatever the United States does—or does not do—in Latin American affairs, it may be interpreted as 'intervention.'" "No matter how the Guatemalan uprising ends, the United States is bound to be blamed by elements throughout Latin America."

Secretary Dulles has been touring the world in search of wars which would give him an opportunity for the "massive retaliation" for which he yearns. His Indo-China war, on which, pursuant to his advice, the United States during the past year has spent nearly a billion and a half dollars, has done much to unify the Communist segment of the world. His war in Guatemala has brought new fuel to the fires of anti-Yankeeism, already burning bright in Latin America.

#### Family Reunion in Washington

Prime Minister Churchill, accompanied by his Foreign Minister, Anthony Eden, flew into Washington on June 25 "to talk over a few family matters, and to try to make sure there are no misunderstandings." The talks were secret. Presumably they were friendly, but they were not welcomed by Washington.

Sourly, the *New York Times* headlined the coming of the distinguished British guests: "U.S. Glum on Eve of Churchill Talk with Eisenhower. Pessimism Shrouds Prospect of Accord on Action to Save Rest of Southeast Asia. Eden Speech a Factor."

## MONTHLY REVIEW

Before their departure from London, Foreign Secretary Eden had told the House of Commons the viewpoint which he and the Prime Minister were taking to Washington and had won effective support for the position, not only from his Conservative backers but likewise from both the Bevan and Attlee factions of the Labor Party. Politically, therefore, Churchill and Eden were speaking for a united Britain. This open diplomacy at home before their trip was as bitter as gall to the State Department bureaucrats. But even less palatable were the points presented in Eden's June 23 Commons statement:

(1) Britain stands for peace in Southeast Asia. There will never be any real security there "without the good will of the free Asian countries."

(2) There is a fair chance that the Indo-China issues can and will be settled by negotiations initiated at Geneva between France and the Indo-Chinese. "I hope we shall be able to agree to an international guarantee of any settlement formulated at Geneva."

(3) "I hope it will be possible to agree on some system of South Asian defense, and to guard against aggression. . . . We could have a reciprocal arrangement in which both sides took part, such as at Locarno. We could also have a defensive alliance, such as NATO is in Europe, and such as the existing Soviet-Chinese treaty provides for the Far East." The idea of a pact for Southeast Asia and the Pacific is not new. "It has been canvassed for many years in the past by myself among others, and it is quite wrong to suppose that it suddenly sprang into the light a few weeks ago, fully armed, like Minerva from the head of Jupiter. . . . Its relevance to current events must not be exaggerated. It could be a future safeguard, but it is not a present panacea."

(4) Britain has been reproached for failing to support military intervention to try to save Dienbienphu. The government was not willing to take such action for three reasons: "Firstly, we were advised that air action alone could not have been effective; second, any such military intervention could have destroyed the chances of a settlement at Geneva; thirdly, it might well have led to a general war in Asia."

(5) Among the difficulties which postponed agreement at Geneva were the lack of well-defined military fronts in Indo-China, and the complex relationships between France, Vietnam, Laos, Cambodia, and the Vietminh. Since the agreement of June 19th, progress has been made in these areas. "Another difficulty was the absence of normal diplomatic relations between some countries represented at the Conference." (This was a reference to the refusal of Secretary Dulles to speak to, or even look at, Chou En-lai.) "It was unique in my experience," Eden added, "and I hope will not be repeated, but

somebody had to provide a channel of communication."

(6) Because of the American refusal to "recognize" the Chinese at Geneva, Secretary Eden acted as intermediary, and was thus brought into frequent contact with the Chinese and the Russians. "One result of the conference was an improvement of Anglo-Chinese relations."

Thus, point by point, Eden had presented to the House of Commons a statement of British foreign policy which ran counter, in every important respect, to the Dulles-Eisenhower attitude toward Southeast Asia. No wonder Washington was glum. The British Conservative government had reviewed the issues on which Washington and London had been so sharply at odds during the previous weeks, and had said, in effect, "We are satisfied that we followed a sound policy."

There was another matter connected with the Geneva Conference which Eden did not mention. When Secretary Dulles left Geneva at the end of a week and stomped off to Rome and Washington, he put the Geneva Conference into the hands of Eden and Molotov. The consequences were far-reaching. *The New Statesman and Nation* in its leading editorial on June 5 wrote:

Since the Geneva Conference began—or, to be strictly accurate, since Sunday, April 25, when Mr. Eden, after a momentous talk with Admiral Radford and Mr. Dulles in Paris, flew back to a special Cabinet meeting—British foreign policy has moved fast and far. Who would have dared to predict six weeks ago that Sir Winston would be singled out for praise by *Pravda* and *Isvestia*, or that Mr. Molotov and Mr. Eden would be in intimate and daily conversation at Geneva, in order to concert their joint efforts to save the Pacific peace? Who could have foreseen that Mr. Attlee and Mr. Bevan would be leading an official Labour delegation to Peking this summer, while Mr. Harold Wilson, with the approval of the Foreign Office and the plaudits of a large section of the business community, flies to Geneva to discuss Anglo-Chinese relations with Chou En-lai? . . . Sir Winston, a life-long exponent of Atlantic union, is deliberately risking a rupture of Anglo-American relations, because on Sunday, April 25, he was brought to a sudden realization that the U.S. Administration was trying to involve Britain in a creeping intervention in Indo-China. This, he knows well, could only lead to an attack on mainland China and probably to a world war with H-bombs. The shock of this discovery has been sharp. It has driven Mr. Eden to seek Mr. Molotov's co-operation in fending off catastrophe. It has united Government and Opposition in support of a policy which would have been condemned six weeks ago as "irresponsible anti-American extremism."

Churchill's "family reunion" in Washington had another aspect,

## MONTHLY REVIEW

far more grave than the "misunderstandings" to which the British Prime Minister referred. The misunderstandings and the family reunion were consequences of steps taken by Moscow and Peking. The *Wall Street Journal* of June 24 noted this significant fact: "While there is no limited agenda for the discussions this week-end between President Eisenhower and Sir Winston Churchill and their advisers, the pattern of the talks has been fairly well fixed by Moscow and Peiping."

Washington rates Moscow an "enemy" and refuses to recognize the existence of Peking, yet steps taken in these two capitals determine the moves, at highest levels, in London and Washington.

### Pioneers Foregather in Asia

While top-ranking spokesmen for an obsolete social order were meeting in Washington to scheme up an agreement that would prolong the stay of the western plunderers and exploiters in their erstwhile colonies, hardy pioneers of a planned, peaceful world were meeting in Asia, where Chou En-lai, Premier and Foreign Minister of China, on his way from Geneva back to Peking, was paying official visits to the designers and builders of planned reconstruction and peace in Asia.

Chou's first visit was paid to Prime Minister Nehru in New Delhi, India. The subject matter of the discussions was not publicized, but while in New Delhi, Chou, in written answers to written questions submitted by newspaper correspondents, called attention to the five principles contained in the India-China agreement on Tibet: (1) Mutual respect for each other's territorial integrity and sovereignty; (2) mutual non-aggression; (3) non-interference in each other's internal affairs; (4) equality and mutual aid; and (5) peaceful co-existence. (*New York Times*, June 28, 1954.) The principles were repeated in the brief joint communiqué which Nehru and Chou issued at the end of their conferences.

These principles are not only good for our two countries [Mr. Chou wrote], but for the other countries of Asia and all the countries of the world as well. If these principles are applied in the wider sphere in Asia, then the danger of war would recede and the possibility of cooperation among Asian nations would increase.

It is our view that, on the basis of the five principles, all nations of the world can peacefully coexist no matter whether they are big or small, strong or weak, and no matter what kind of social system each of them has. The rights of the people of each nation to national independence and self-determination must be respected. The people of each nation should have the right to choose their own state system and way of life without interference from other nations.



If all nations of the world put their mutual relations on the basis of these principles, intimidation and aggression by one nation against another would not happen and the peaceful co-existence of all nations of the world would be turned from a possibility into a reality. (*New York Times*, June 28, 1954.)

The same issue of the *Times* printed its lead editorial under the caption "Chou and the Cold War," beginning:

It has become increasingly apparent that Red China's adroit Premier, Chou En-lai, is a formidable antagonist. In ten days of manipulation at Geneva and Berne, and now in the course of his triumphal procession through South Asia, he has made it more difficult than ever for the free world to unite in its defense against Communist aggression.

We may as well face the hard and unpleasant fact. Chou's visit to India was a masterpiece of timing and staging.

The *Times* editorial writer anticipated the same results if and when Chou should visit Burma and Indonesia. Then he added: "It can scarcely be doubted that in more than one part of Asia there is comment on the fact that President Eisenhower and Prime Minister Churchill were exploring and defining differences of opinion and judgment at precisely the same time that Premiers Nehru and Chou were proclaiming their amity and mutuality of interest in peace."

Washington continues to mumble that Formosa is China, and refuses to recognize Peking; Secretary of State Dulles refused to meet Premier Chou in Geneva. But a point has been reached in this silly diplomatic mumbo jumbo, at which the *New York Times* finds it expedient to point out that Mr. Chou is a statesman of great ability who speaks in the name of a populous nation, with a great tradition, and that is destined to make an important contribution to the future of Asia and of mankind.

#### The New York Times vs. President Eisenhower

President Eisenhower, in his press conference of June 10, 1954, told a correspondent that the United States was "in a truly serious situation" primarily because the Iron Curtain countries were unified by force, could choose their objectives and attack suddenly. This threat could not be met by military power alone. The United States must also be prepared "in the realm of the spirit and the intellectual world, the material world and the economic." The President's comment had followed a discussion of the crisis in France.

Editorially, on June 12, the *New York Times* took up the same theme: "With deepening concern born of the realization of their common destiny, the western nations turn their eyes from Geneva to Paris, where the growing paralysis of the French Government is

## MONTHLY REVIEW

beginning to paralyze the free world's efforts at self-defense against the Communist menace."

The President finds the danger to western civilization coming from abroad—across the Iron Curtain. The *Times* finds the danger in one of the oldest centers of western civilization—France. Perhaps both are right, in a way, but it is nonetheless true that internal decay was in evidence before there was an Iron Curtain (cf. Karl Marx, *Capital*; Oswald Spengler, *Decline of the West*; Brooks Adams, *Law of Civilization and Decay*), and that while Churchill and Eisenhower patch and putty, Nehru and Chou are planning and building.

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*I know no safe depository of the ultimate powers of society but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them, but to inform their discretion by education.*

—Thomas Jefferson

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*... all our troubles are but forms of moral cowardice. In Europe the religious question is open, with us there's a lid on—a lid on about every subject that is vital—a conspiracy of silence in which every interest great and small concurs, and as soon as any cause shows enough strength to be a cause it joins the conspiracy—i.e., puts captains and agencies in the field to suppress and punish anything said in criticism of that cause. Thus you may take the three or four great interests, e.g., Big Business, the R. C. Church, the Jewish Drive—they all shake hands to control the press—nothing must be said against any of them. Below these come the various churches, Baptist, Presbyterian, Episcopalian—all in favor of soft speech—Christian Science punishes any criticism.*

*And all the brotherhoods and trade unions. They all concur in one thing—the American disease that no voice, no real voice, must be raised about anything. But there is no use trying to explain this to a European. He can't believe it. No such thing has happened in Europe as an outcome of modern thought.*

—John Jay Chapman, in a letter to Emile Legouis, professor at the Sorbonne, July 9, 1925

(continued from inside front cover)

the year, and the only sure way to avoid it is to keep on raising the number of new subs. We have often said it in the past and we repeat it again: our only salemen are our readers. If you agree that MR was never needed more than it is now, please get out and sell it!

In recent months, we have been commenting in this space on Paul Sweezy's involvement in a New Hampshire investigation of "subversive activities." As reported elsewhere in this issue, this has now resulted in a conviction for contempt of court and an indefinite jail sentence. Sweezy is now out on \$1,000 bail pending an appeal to the New Hampshire Supreme Court. We hope you will read the account of the facts of the case beginning on p. 142, and then make a contribution to our re-opened Anti-inquisition Fund. Speaking out publicly for socialism is a costly enterprise in this country today, and we rely on your support to keep us in business.

Since the amount of poetry submitted for publication in MR has been increasing lately, it seems desirable to state our general policy in this regard. We have a standing arrangement with Sagittarius whose delightful verses of political satire appear regularly in *The New Statesman & Nation*: we can reproduce any of her NS&N verses, and on occasion she submits originals to MR if they are specially appropriate to the American scene. We would like to provide an outlet for poetry of the same genre by American authors—provided it is of really good quality. For the rest, while we naturally reserve the right to make exceptions, it is our policy *not* to publish poetry, partly for space reasons but also because we do not pretend to be competent judges of quality in the general field of modern poetry.

A worthwhile and promising effort to do something about the threat of World War III has been launched by a group of plain people in Los Angeles. Arising from neighborhood discussions of the H-bomb danger, the group is seeking to organize "Everybody's Committee to Outlaw War" on a national and international scale. If you are interested in helping, write for their *Appeal to the Living* which outlines immediate tasks to be undertaken in every community. The Committee's address is 1234 West 40th Place, Los Angeles 37, California (telephone: AXminster 1-7914).

From our latest choice for letter-of-the-month: "I have read many of the fashionable journals of this country and England, and I have found that your review, together with *The Nation*, constitute a freshwater spring in a desert of lies. . . . Your magazine maintains dignity, tells the truth in an even tone, does not perform for the first money-eater with a pocket of advertising money. . . . Not as a person of note and public interest, but as one human being to another, I salute you." We return the greeting on the same terms and in the same spirit.

In the same vein another heartening communication: "For 20 years I've been reading dozens of liberal publications. Few have ever matched your standard in terms of erudition, objectivity, courage, and readability. It is a privilege to be a subscriber."

Another letter which cheered us considerably: "A good friend and admirer of the Monthly Review has asked me to send you this check for \$50.00 in appreciation of the splendid and important work you are doing. This friend wishes to remain anonymous."

Thanks once more to those who appreciate our efforts and to those who send us the wherewithal to continue our work.

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